DOCUMENT RESUME

ED 062 825 EM 009 895

AUTHOR Jain, Harish C.
TITLE Employee Knowledge of Hospital Compensation Policies and Supervisory Effectiveness.
INSTITUTION McMaster Univ., Hamilton (Ontario).
PUB DATE Apr 72
NOTE 13p.; Paper presented at the International Communication Association Annual Convention (Atlanta, Georgia, April 19-22, 1972)

EDRS PRICE MF-$0.65 HC-$3.29
DESCRIPTORS *Communication (Thought Transfer); *Employer Employee Relationship; Industrial Relations; *Knowledge Level; *Supervisory Activities; Supervisory Methods

ABSTRACT

Many studies have suggested that supervisor performance and employee knowledge of organizational policies are related--that the better supervisors are those who are more sensitive to their communication responsibilities so that they tend to give clear instructions and keep their subordinates properly informed. A study was devised to test this hypothesis. Two hospitals were selected for the study, and questionnaires and interviews were used to collect data from a cross-section of employees on knowledge of hospital compensation policies and ratings of supervisor performance. Results of analyses of the data did not support the hypothesis, although there is some reason to believe that limitations other than a faulty hypothesis may provide explanations for the lack of relationship between employee-perceived supervisor performance and employee knowledge. These limitations might include demographic variables, the abundance of other work-related communication responsibilities of the supervisor, complexities of fringe benefit schemes, and the absence of personalized information regarding benefits. (SH)

FILMED FROM BEST AVAILABLE COPY

U.S. DEPARTMENT OF HEALTH,
EDUCATION & WELFARE
OFFICE OF EDUCATION
THIS DOCUMENT HAS BEEN REPRODUCED EXACTLY AS RECEIVED FROM THE PERSON OR ORGANIZATION ORIGINATING IT. POINTS OF VIEW OR OPINIONS STATED DO NOT NECESSARILY REPRESENT OFFICIAL OFFICE OF EDUCATION POSITION OR POLICY.

ED 062825

EMPLOYEE KNOWLEDGE OF HOSPITAL COMPENSATION POLICIES AND SUPERVISORY EFFECTIVENESS

by

Harish C. Jain
Assistant Professor of
Organizational Behaviour
Faculty of Business
McMaster University
Hamilton 16, Ontario
Canada

International Communication
Association
Atlanta, Georgia
April 19-22, 1972

EM009 895

EMPLOYEE KNOWLEDGE OF HOSPITAL COMPENSATION POLICIES AND SUPERVISORY EFFECTIVENESS
by Harish C. Jain
Assistant Professor
Faculty of Business
McMaster University
Hamilton 16, Ontario, Canada
No. of Pages 12
No cost per copy or mailing
Member of Division: Organizational Communication Division

Abstract

An important assumption which underlies much of the industrial and hospital management literature is that the first-line supervisor is a key communicator of organizational policies to employees. One aspect of this assumption is that employee knowledge of compensation policies is related to the supervisor's performance. This aspect is investigated in this study. Objective measures of employee knowledge of compensation policies were compared with measures of supervisory performance in the two hospitals selected for this study. No significant relationship was found between employee knowledge and supervisory performance scores. Several possible reasons for this finding are suggested.

Dr. Harish C. Jain
Assistant Professor
Faculty of Business
McMaster University
Hamilton 16, Ontario
Canada

Employee knowledge of compensation policies such as paid holidays, hospital insurance, etc. is a subject of much concern to present day management. The rationale[1] behind employee knowledge is that approximately thirty percent of a typical organization's payroll goes into fringe benefits[2] and yet only a few of the employees know much about their compensation package.[3] It is for this reason that one of the important roles that management expects the first-line supervisor to perform is that of acting as the disseminator of these policies. For instance, one study concludes that the lack of awareness on the part of an employee, as to what he is getting, is the absence of face-to-face communication between the employee and his line supervisor.[4]

In this context, Redding in his extensive review of the pertinent literature concludes that

> ... by and large, the better supervisors (better in terms of getting the work done) are -- in a very general sense -- those who are more sensitive to their communication responsibilities. They tend to be those, for example, who give clear instructions, ... and who keep their subordinates properly informed.[5]

In addition to Redding, Peters,[6] Pigors,[7] and Heron,[8] among others, have also suggested the interrelatedness of employee knowledge of organizational policies and supervisory performance. In the context of hospitals, the studies by Revans[9] in England and

Georgopoulos and Mann[10] in the United States, have also assigned a crucial role to the communication function of the first-line supervisor. It is thought that supervisory efficiency depends to a large extent upon the supervisor's ability to relay policy and instructions, to teach, and to make understandable these policies and instructions.[11]

Based on the above cited research on the interrelatedness of employee knowledge and supervisory performance, the hypothesis of this study is: The greater the knowledge of hospital compensation policies by the employees, the more favorable are the supervisory performance ratings. The supervisor's role in communicating information beyond the essentials of work orders is based on the assumption that this relationship between employee knowledge and supervisory performance exists. Thus, if employee knowledge of hospital compensation policies is high, the chances are that the supervisor will be doing an effective job in the eyes of his subordinates.

Study Design, Instrumentation and Data Collection

Two hospitals, designated as X and Y, were selected for the study. Hospital X had 721 beds and approximately 1700 employees, and hospital Y had 200 beds with approximately 500 employees. Questionnaires and interviews during working hours were the main instruments used to

collect the data. A cross-section of service, technical and professional employees representing five departments -- Nursing, Food Services, Housekeeping, Laboratories, and Central Services, were included in the sample; the sample consisted of one hundred and twenty-two employees in hospital X and ninety employees in Hospital Y.

Employee Knowledge of hospital compensation policies was measured by summing the number of correct responses to multiple-choice questions on fringe benefits, such as vacations, holidays, major medical group health insurance, retirement, etc.

Supervisory Performance was measured by asking employees to rate their supervisors on administrative, human relations and technical skills. Administrative skill ratings were intended to measure the organizing and planning skills of the supervisor; the human relations skill measured the supervisory skill of getting people to work together, giving recognition, expressing appreciation for work well done, etc.; and the technical skill measured such things as a supervisor's professional and technical competence.[12]

Research Findings and Discussion

The hypothesis, that there is a relationship between employee ratings of supervisory performance and how much they know about the compensation policies of

TABLE 1

CORRELATIONS BETWEEN EMPLOYEE KNOWLEDGE OF HOSPITAL COMPENSATION POLICIES AND VARIOUS RATINGS OF SUPERVISORS GIVEN BY SUBORDINATES, BY EMPLOYEE CLASSIFICATIONS AND BY HOSPITAL

	Subordinates					
	Hospital X			Hospital Y		
	Serv.	Tech.	Prof.	Serv.	Tech.	Prof.
Human Relations	.22	.31-	.09-	.23-	.35-	.06
Administrative	.23*	.25	.12-	.02	.17-	.04
Technical	.09	.45	.07	.19	.20	--
N (sample size)	75	11	28	43	16	26

*Significant at .05 level.

their respective hospitals, is not supported by the correlations data presented in Table 1. Let us consider some possible explanations as to why the relationship does not hold.

Employee Characteristics

First of all, the lack of relationship between employee knowledge and supervisory performance is probably unreasonable to expect. As the data indicate, relationships were sought within work groups composed of professional, technical and service employees and their respective supervisors. Employees in any work group, let alone across the three categories, differed in age, education, intelligence and experience with the hospitals. These and other factors surely affected the compensation information each employee acquired about his hospital. Since these demographic factors were not measured in this study, independent relationships between these factors and supervisory performance might outweigh any relationship between employee knowledge and supervisory skills.

The Supervisor as a Communicator of Employee Benefits Information

Secondly, it could very well be that the supervisor has too many other communication responsibilities. The traditional way of viewing the supervisor as a key

communicator is too static, too all-inclusive in view of the variety of communication situations, and the wide range of supervisor ability.

In addition, the supervisor can only communicate what he has first received and understood. This is a more difficult task than it might appear to be. In this case, neither hospital had a handbook and even if the supervisor knows the employee benefits in general, the complexity of benefit programs covering normal and early retirement, death, disability, medical and severance plan, is enhanced by the variables of age, salary, length of service, family structure and options, and the numerous changes that occur each year.

There is also some evidence to show that the efforts to indoctrinate supervisory employees in the employee benefit system have been somewhat futile and result in great expenditures of time in attempting to counsel the rank-and-file employees.[13]

Employee Understanding of Fringe Benefits

Thirdly, there is evidence to show that most employees do not understand the benefits because the supervisor and other channels of communication have failed to answer the employees basic question of what the benefits mean to an individual employee and what an individual employee will get.[14]

To sum up, there are several possibilities for the lack of a relationship between employee knowledge and supervisory performance. It has been suggested that the demographic variables might account for this lack of relationship; the supervisor has too many other work-related communication responsibilities; the complexities of fringe benefit schemes make employee understanding difficult, and; the absence of personalized information regarding benefits also accounts for the lack of employee understanding.

Suggestions

If there is any validity to these arguments, what must be done to overcome the problem of communicating fringe benefit knowledge to subordinates? One way to enhance employee understanding of fringe benefit information is to give each employee an individual up-to-date statement. Weiss has suggested that the computer has made it possible not only to provide the up-to-date information, but it can also reduce the cost to a fraction of one percent of the total cost of benefits.[15]

Similarly, a National Industrial Conference Board survey finds that many successful companies communicate in language that is easy to understand (at ninth grade level of reading) and emphasize the value the benefits have for the employees themselves, that is, how the individual employee profits from the fringe benefits.[16]

Another method in enhancing employee understanding of these benefits might be to arrange regular small group meetings addressed by experts from the Personnel Department in which individual employee benefits could be discussed and employee questions regarding specific benefits answered.

If these methods, written or oral or in combination, do in fact enhance employee understanding of fringe benefits, it might relieve first-line supervisors of this responsibility and perhaps they could utilize this time for performing their other communication responsibilities; as noted earlier, efforts to indoctrinate supervisors in the employee benefit system have been somewhat futile.

Finally, another way to enhance employee knowledge and understanding of their benefits package is to involve them, including their supervisors, in expressing their preferences for benefits and ultimately in the management of their benefit system. This assertion is based on the recognition that there are individual differences in people and that different benefit plans designed in accord with individual differences have differential behavioural effects.

Further Research

Other studies are needed,

a) To take into account management's expectations of supervisory role in communicating employee benefits infor-

mation to workers. In the present study, the top management of the two hospitals assigned this role to the first-level supervisor.

b) To examine whether a supervisor's job description includes this communication responsibility and whether this is taken into consideration as one of the factors in management evaluation of supervisory performance.

c) To undertake a content-analysis of the channels of communication, used to convey employee benefit information, for ease or difficulty or readability.

d) To administer an objective test of the employee understanding of fringe benefits as used in this study.

Footnotes

[1]Employer provides fringe benefits to his workers in order to recruit and maintain a competent work force and to motivate employees to increase their productivity.

[2]Fringes vary from company to company and range from such basics as vacations and holidays to such items as employee membership in private country clubs, employee recreation areas, and art lessons. A fringe benefit is any and every labour cost added to regular compensation (wages and salaries) paid for time worked. For the cost of employee benefits, see Employee Benefits 1967 (Washington: Chamber of Commerce of the United States, 1968). Also see, Fringe Benefit Costs in Canada, 1967 (Toronto: The Throne Group Ltd., 1968).

[3]Probably the first field study in the construction of a knowledge test for employees was undertaken by Funk and Becker. The goal of their study was to measure the accuracy of information dealing with such things as hospital insurance plans, retirement plans, suggestion systems, etc. They found that the employees were far from fully informed concerning the compensation and other policies which had been previously communicated in manuals, memorandums, and conferences. See, Harry B. Funk and Robert C. Becker, "Measuring the Effectiveness of Industrial Communications", Personnel, 29:237-240 (November 1952). Numerous studies since 1952 have come to the same conclusion. See, Mark R. Greene, The Role of Employee Benefit Structure in the Manufacturing Industry, (Eugene, Oregon: University of Oregon, 1964). Arthur A. Sloane and Edward W. Hodges, "What Workers Don't Know About Employee Benefits", Personnel, Vol. 45, No. 6, 27-34 (November-December 1968).

[4]"Employee Benefits are not well Communicated", The Controller, Vol. 28, p. 280 (1960).

[5]Charles Redding, "The Organizational Communicator", in Business and Industrial Communication: A Source-book, edited by W. Charles Redding and George A. Sanborn (New York: Harper & Row, 1964), p. 56.

[6]Raymond Peters, Communication Within Industry (New York: Harper & Brothers, 1949).

[7]Paul Pigors, Effective Communication in Industry (New York: National Association of Manufacturers, 1949).

[8]Alexander R. Heron, Sharing Information with Employees (California: Stanford University Press, 1942). Heron states: No medium for carrying information can duplicate or displace the supervisor who lives with employees in their daily work. No program of using conventional media for conveying information to employees can be wisely planned without the benefit of his advice. No information can be completely and intelligently shared with employees without his effective supplementary and explanatory work.

[9]R. W. Revans, Standards for Morale: Cause and Effect in Hospitals, (London: Oxford University Press, 1964), and "Research into Hospital Management and Organization", The Milbank Memorial Fund Quarterly, Vol. 44, No. 3 (July 1966), part 2. Also see his report on "Hospital Internal Communications", Nursing Times, Occasional Papers, 64, No. 11, pp. 41-44. Revans and his associates found that student nurse turnover and patient recovery rates were related to the head nurse's communication behaviour. In other words, if the student nurses were able to get satisfactory answers to their questions from the head nurse, this in turn enabled them to answer the questions of the patients.

[10]Basil S. Georgopoulos and Floyd C. Mann, The Community General Hospital (New York: The Macmillan Company, 1962). In a study of 15 general hospitals in the United States, Georgopoulos and Mann found that the frequency and amount of communication - among other things - on topics such as ways to improve patient care or about ways to improve nursing supervision, between supervisor and subordinate nursing workers was related to the performance of the nonsupervisory employees.

[11]Dahle in a controlled experiment made a comparative study of five different channels of transmitting information to the employees of Spiegel, Inc. of Chicago and found that supervisory presentation was an effective channel of communication. Similarly, in a study (of 100 operating employees) by Walton, it was reported that if management made an important change

11 (cont'd.)
in the organization, supervisor would be an important source of employee knowledge of this change. See, Thomas L. Dahle, "An Objective and Comparative Study of Five Methods of Transmitting Information to Business and Industrial Employees", (unpublished Ph.D. dissertation, Purdue University, 1953 and Eugene Walton, "How Efficient is the Grapevine?", Personnel (March-April 1961), pp. 45-49.

[12]Georgopoulos and Mann, op. cit., chapter 9, p. 435.

[13]Willard W. Weiss, "The Hardest Story Ever Told: Employee Benefits", Public Relations Journal, 22 (August (1966), pp. 16-17.

[14]Ibid.

[15]Ibid.

[16]"Making Employee Benefits Pay a Return", The Conference Board Record (August 1965), pp. 25-30. Keith Davis' study concerning the reading ease of employee handbooks might also be of interest here. Davis compared the readability scores of 29 employee handbooks with the score of comparable handbooks in the same organizations fifteen years earlier (in 1949) and concluded that most employee handbooks were not yet adequately readable for the audience for which they were intended. See, "Readability Changes in Employee Handbooks of Identical Companies During a Fifteen-Year Period", Personnel Psychology, 21 (1968), 413-420.